

Enterprise Zone Act, LB 1124 as amended

Incentive credits earned under the Enterprise Zone Act are based on the provisions of LB1124 other than higher credit levels are allowed. The Enterprise Zone Act provides a higher employment credit for companies engaged in a qualifying business within the defined enterprise zones and employing residents of the zone. If at least 50 percent of the new employees reside within the enterprise zone, then the company also receives additional credits for new investment. The credits provided under this subsection shall not exceed \$75,000 in any one tax year. In addition to the requirements to maintain the employment and investment levels for two years that are required of any LB 1124 company, those earning credits under the Enterprise Zone Act for tax years starting before January 1, 2001 need to maintain the number of new employees residing in the enterprise zone.

The Nebraska Employment and Investment Credit Computation, Form 3800N, filed with a tax return is the method to report credits earned, investment made, jobs created for employees in total and for residents of the zone. In 2005, businesses within the enterprise zones qualified for new credits, on returns for earlier years, as stated below.

Omaha Enterprise Zone

Amount of investment:	\$409,414
Number of jobs:	28
Number of jobs held by residents:	12
Average wage on an hourly basis:	\$10.57
Average annual salary:	\$21,985
Credits:	\$101,000

Legislative Change:

LB 608 was passed during the 2003 legislative session. LB 608 changed the provisions of the Employment Expansion and Investment Incentive Act, the Act. The provisions of the Act, as described at the top of this page, are effective for tax years before 2004. For tax years beginning on or after January 1, 2004, the provisions of LB 608 must be met in order to earn credits under the Act.

A company which created credits in tax years before 2004 may use these credits during its five year carryover period. The company must file to show maintenance of the required investment and employment levels for two years.